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**1963**

**ANCHOR**  
**STEEL & CONVEYOR COMPANY**



**YEAR ENDED DECEMBER 31, 1963**

## *Staff*

TED HEGELMAN <i>Sales Manager</i>	E. BRUCE MUMFORD <i>Sales Engineer</i>	MIKE MICHAELS <i>Sales Engineer</i>
JOHN W. KOSTYO <i>Sales Engineer</i>	C. DOUGLAS SMITH <i>Merchandise Sales</i>	R. BRUCE PREBLE <i>Sales Engineer and Product Development</i>
ADE CZARNECKI <i>Chief Engineer</i>	PHILIP PETERS <i>Chief Electrical Engineer</i>	WENDELL LOSEY <i>Sales Engineer</i>
WM. SEDOR <i>Manufacturing Manager</i>	THANE GILLESPIE <i>Shop Superintendent</i>	HARRY VANCORE <i>Shop Superintendent</i>
HAROLD QUINN <i>Director of Purchases</i>	WILLIAM WEBSTER <i>Office Manager</i>	GEORGE GARRISH <i>Chief Estimator</i>

## *Directors*

JOHN P. O'HARA	HARRY GARLAND	HENRY J. BEAM
MARSHALL I. BRENNER	F. WILLIAM SHUDE	
F. G. LeVEQUE	FRANK P. HASTINGS	
ARTHUR B. PFLEIDERER	KARL R. CRAWFORD	

## *Officers*

JOHN P. O'HARA.....	<i>Chairman of the Board</i>
HARRY GARLAND.....	<i>President</i>
MARSHALL I. BRENNER.....	<i>Vice-President and General Manager</i>
F. WILLIAM SHUDE.....	<i>Secretary</i>
HAROLD A. RIETH.....	<i>Treasurer</i>

## *General Offices*

6906 KINGSLEY AVENUE, DEARBORN, MICHIGAN

### *Transfer Agent*

THE DETROIT BANK AND TRUST COMPANY  
DETROIT, MICHIGAN

### *Auditors*

ERNST & ERNST  
DETROIT, MICHIGAN

# **ANCHOR** STEEL & CONVEYOR COMPANY

To the Stockholders of  
Anchor Steel & Conveyor Company:

The financial report of your Company for the year ending December 31, 1963 is submitted herein, together with the report of Ernst & Ernst, Certified Public Accountants.

Net sales for the year were \$7,455,225 compared with \$5,320,648 in 1962.

In our 1962 year end statement, your management indicated that a number of changes and operational improvements were contemplated. These factors, coupled with an improved market and increased volume has produced a very gratifying profit return for 1963. As a result of this we have entered 1964 in a healthier financial position than we have enjoyed for a number of years. Net profit after taxes benefited approximately \$83,000 from tax carry forwards resulting from prior year losses. This carry forward has now been exhausted.

The expanding level of capital spending in the National economy, the excellent position of your Company in our industry, and the continuing demand for our products creates a sense of optimism for the future. However, it should always be borne in mind that this is a contract business and historically cyclical and therefore long range forecasts can be subject to many unpredictable factors.

Our backlog of business entering 1964 was approximately \$1,500,000. This backlog and new business booked since the year end indicates that the Company should be operating at capacity through 1964 with expectation of a profitable result.

For the Board of Directors,

HARRY GARLAND  
*President*

March 13, 1964

# ANCHOR STEEL &

## *Balance Sheet . . December 31, 1963*

### *Assets*

#### CURRENT ASSETS

Cash . . . . .	\$ 238,643
Accounts receivable, less allowance of \$5,000 . . . . .	648,813
Cost of work performed on uncompleted contracts, less billings of \$253,800—Note A . . . . .	327,070
Inventory—at lower of first-in, first-out cost or market . . . . .	244,362
Prepaid expenses . . . . .	32,258
TOTAL CURRENT ASSETS	<u>\$1,491,146</u>

#### PROPERTY, PLANT, AND EQUIPMENT—on basis of cost

Land . . . . .	\$ 30,914
Buildings and improvements . . . . .	470,882
Machinery and equipment . . . . .	289,344
	<u>\$791,140</u>
Less allowances for depreciation . . . . .	<u>361,112</u>
	<u><u>430,028</u></u>
	<u><u>\$1,921,174</u></u>

### *Liabilities and Stockholders' Equity*

#### CURRENT LIABILITIES

Accounts payable . . . . .	\$ 254,922
Payrolls and amounts withheld therefrom . . . . .	81,479
Taxes, other than income taxes . . . . .	58,206
Allowance for warranties and additional costs on completed contracts . . . . .	50,000
Federal income taxes . . . . .	300,000
TOTAL CURRENT LIABILITIES	<u>\$ 744,607</u>

#### STOCKHOLDERS' EQUITY

Common Stock, \$1 par value:	
Authorized—700,000 shares	
Issued and outstanding—550,000 shares . . . . .	\$550,000
Additional paid-in capital (no change during year) . . . . .	106,295
Retained earnings . . . . .	<u>520,272</u>
	<u><u>1,176,567</u></u>
	<u><u>\$1,921,174</u></u>



CONVEYOR COMPANY

Statement of Operations and Retained Earnings

Year ended December 31, 1963

Billings on contracts completed during the year and sales of service parts—Note A . . . . .	\$7,455,225
Other income . . . . .	41,609
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	\$7,496,834
Costs and expenses, including provision of \$38,602 for depreciation of plant and equipment:	
Cost of completed contracts and service parts sold	\$6,127,817
Selling and administrative expenses . . . . .	579,873
Interest expense . . . . .	25,614
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	6,733,304
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EARNINGS BEFORE INCOME TAXES	\$ 763,530
Federal income taxes—Note B . . . . .	300,000
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NET EARNINGS	\$ 463,530
Retained earnings at January 1, 1963 . . . . .	56,742
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RETAINED EARNINGS AT DECEMBER 31, 1963	<u>\$ 520,272</u>

Notes to Financial Statements

**NOTE A**—It is the policy of the Company to recognize profits on contracts only upon completion but to recognize losses as soon as they become apparent.

**NOTE B**—The Company's federal income tax returns have been examined by the Internal Revenue Service through 1961. Federal income taxes for 1963 have been reduced approximately \$83,000 by carry-forward of prior year operating losses.

**NOTE C**—Effective March 1, 1963, the Company established a pension plan for certain hourly-rated employees. The annual cost of the plan is approximately \$21,000, including the funding over a thirty-year period of the past-service liability, which, at December 31, 1963, approximated \$200,000.

The Company has a profit-sharing plan for its salaried employees. No contribution was required to this plan for 1963, because of cumulative loss carry-overs.

## **ERNST & ERNST**

### **ACCOUNTANTS' REPORT**

Board of Directors  
Anchor Steel & Conveyor Company  
Dearborn, Michigan

We have examined the financial statements of Anchor Steel & Conveyor Company for the year ended December 31, 1963. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statements of operations and retained earnings present fairly the financial position of Anchor Steel & Conveyor Company at December 31, 1963, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

A handwritten signature in cursive script, reading "Ernst & Ernst". The signature is written in dark ink and is positioned to the right of the typed name.

Detroit, Michigan  
February 27, 1964

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**ANCHOR** STEEL & CONVEYOR COMPANY

6906 Kingsley Avenue

Dearborn, Michigan